

REPAYMENT OPTIONS

PREPAYMENT

- ♦ You can prepay all or part of your loan at any time without penalty.
- ♦ Prepayment may substantially decrease your total interest costs.

STANDARD REPAYMENT

- ♦ Fixed schedule of equal monthly payments
- ♦ Maximum 10-year repayment period
- ♦ Minimum \$50 monthly payment

GRADUATED REPAYMENT

- ♦ Monthly schedule that starts with small payments that increase gradually over time
- ♦ Maximum 10-year repayment period
- ♦ You will pay higher total interest than if you had chosen the standard repayment plan.

INCOME-SENSITIVE REPAYMENT

- ♦ Monthly schedule that assigns fixed payments for one year at a time. Scheduled payments may increase or decrease each year as your income changes.
- ♦ Maximum 10-year repayment period (can be extended up to five years)
- ♦ Substantially increases your total debt. Try to return to a standard repayment plan as soon as possible.

EXTENDED REPAYMENT

- ♦ Available if your first loan was issued on or after Oct. 7, 1998, and if your total debt exceeds \$30,000
- ♦ Fixed annual or graduated repayment schedule
- ♦ Maximum 25-year repayment period
- ♦ Substantially increases your total debt. Try to return to a standard repayment plan as soon as possible.

DEFERMENT PERIOD

- ♦ A period of time when you are permitted to postpone payments
- ♦ Interest continues to accrue on unsubsidized loans. Unpaid interest will be added to your principal balance, increasing your total debt. Make interest payments on your unsubsidized loans whenever possible.
- ♦ Your loan holder must grant your deferment request if you meet the federal criteria.
- ♦ Examples: in-school, graduate fellowship, and unemployment deferments

FORBEARANCE PERIOD

- ♦ A period of time when you are permitted to stop making payments or to reduce your payment amount
- ♦ Interest continues to accrue on all loan types. Unpaid interest will be added to your principal balance, increasing your total debt. Make interest payments on your loans whenever possible.
- ♦ The decision to grant forbearances is up to your loan holder; however, the holder may be required to grant you a mandatory forbearance under certain conditions.

CONSOLIDATION

- ♦ The process of applying for a new loan that will be used to pay your existing student loan debts
- ♦ May result in lower monthly payments and an extended repayment period but greater total debt
- ♦ May be a good option if you have more than one loan type or loan holder. Consult your loan holder to determine whether loan consolidation is the best option for you.

BORROWER RIGHTS AND RESPONSIBILITIES

I UNDERSTAND I HAVE A RIGHT TO:

- ☐ notification, in writing, if my loan is sold or transferred, showing the name, address, and phone number of the new holder. I must direct all future correspondence to that new holder.
- ☐ deferment of repayment for a defined period if I qualify and if I request it from my loan holder.
- ☐ request a forbearance from my loan holder if I do not qualify for a deferment and if I am unable to make payments on my loan.
- ☐ prepay all or any part of the amount I owe without penalty.
- ☐ a minimum monthly loan payment of \$50, which can be more depending on the amount I borrow OR which can be less with a graduated or income-sensitive repayment plan.
- ☐ a maximum of 10 years to repay my loan, unless my loans are consolidated or I qualify for an extended repayment schedule. Extending my repayment period may increase my total debt.
- ☐ a copy of my promissory note (either before or after my loan is made).

I UNDERSTAND:

- ☐ I must repay my loan and all accrued and/or capitalized interest and fees according to the established repayment schedule, even if I drop out of school, cannot find a job, or am dissatisfied with the education I receive.
- ☐ I must notify my school and loan holder(s) if I change my address, change my name, change my phone number, change my Social Security number, withdraw from school, drop below half-time attendance, transfer to another school, or change my graduation date.
- ☐ I must attend an exit interview before I leave school.
- ☐ if I fail to repay my loan, I will be considered in default and the following may result:
 - ♦ My loan will be reported to national credit bureaus, and the negative report will remain for at least seven years after my loan is paid in full.
 - ♦ The entire unpaid amount of my loan, including interest, will become immediately due and payable.
 - ♦ My federal treasury payments, or other federal payments, and state income tax refunds may be withheld.
 - ♦ My wages may be garnished.
 - ♦ I may be ineligible to receive additional federal or state financial aid funds.
 - ♦ My loan may be referred to a collection agency.
 - ♦ I may be liable for collection costs.
 - ♦ My debt may be assigned to the U.S. Department of Education for litigation (i.e., I may be sued).

Be a Smart Borrower

Keep a record of your loans.



The student assistance division of the
Missouri Department of Higher Education

Furthering your education is a decision you make to develop potential and pursue career goals. It's also a major investment of your time, effort, and money. Student loans are valuable resources for assisting students and parents with paying for college. They offer low interest rates, attractive repayment options, and low fees. In addition, little or no credit history is required to borrow.

- When you receive a student loan, you must repay those funds, with interest, even if:
- ◆ you are not satisfied with the quality of your education,
 - ◆ you do not complete your program of study, or
 - ◆ you are unable to obtain employment.

Keeping a record of your student loan information can help you in the future, especially if you have difficulty repaying your loan. Use this folder to maintain all of your student loan information as well as contact information (phone numbers, web addresses, etc.) and correspondence to and from your loan holder(s) and guaranty agency.

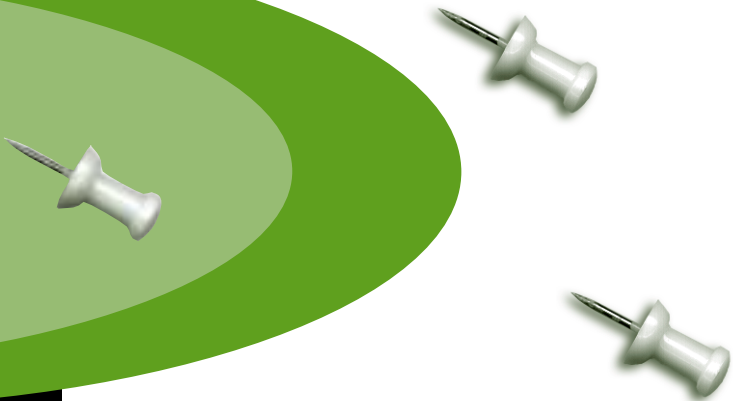


STUDENT LOAN RECORD

LOAN TYPE	ORIGINAL LOAN AMOUNT	LOAN PERIOD	LOAN HOLDER & PHONE NUMBER	PAYMENT AMOUNT & DUE DATE

MOSTARS, the student assistance division of the Missouri Department of Higher Education, provides resources, assistance, and customer services to promote access to postsecondary education. If you have questions about your student loan or would like information about other student financial assistance programs, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. The Information Center is available between 8 a.m. and 5 p.m. (Central Standard Time), Monday through Friday (except state holidays). You also can visit our web site at www.mostars.com.

www.mostars.com



%

INTEREST

If you understand the effects of interest, you can make the right decisions to help reduce your total debt.

PRINCIPAL BALANCE is the original amount you borrowed, plus capitalized interest, less principal payments.

FIXED INTEREST does not change.

VARIABLE INTEREST is tied to a certain index (depending on the type of loan and when it was received) and changes periodically as the index changes.

SIMPLE INTEREST is calculated only on the principal portion of your student loan.

ACCRUED INTEREST is calculated on your unpaid principal balance each day.